

FHA-Home Affordable Modification Program (FHA-HAMP)

Enhanced loss mitigation option that combines a loan modification with a partial claim, allowing homeowners to reduce monthly mortgage payments and avoid foreclosure.

Nature of Program: FHA-HAMP allows the use of a partial claim up to 30 percent of the unpaid principal balance as of the date of default combined with a loan modification.

To confirm if the borrower is capable of making the new FHA-HAMP payment, the borrower must successfully complete a trial payment plan. The trial payment plan shall be for a three-month period and the borrower must make each scheduled payment on time. The borrower's monthly payment required during the trial payment plan must be the amount of the future modified mortgage payment. The lender/loan servicer must service the mortgage during the trial period in the same manner as it would service a mortgage in forbearance. If the borrower does not successfully complete the trial payment plan by making the three payments on time, the mortgagor is no longer eligible for FHA-HAMP.

Applicant Eligibility: Borrowers of FHA-insured mortgages that face imminent default or are in default, but not more than 12 full mortgage payments past due. The borrower must be an owner-occupant and have sufficient resources to make the payments on the HAMP mortgage. The lender/loan servicer of the modified FHA-HAMP mortgage must be FHA-approved.

Legal Authority: Section 230(b) of the National Housing Act (12 U.S.C. 1715u(b)), as amended by the Helping Families Save Their Homes Act of 2009, Division A of Public Law 111-22.

Administering Office: Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Source: Administering Office.

On the Web: <http://portal.hud.gov/hudportal/documents/huddoc?id=nschampfact.pdf> and http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc/lossmit

Current Status: Active.